

Unaudited Interim Results of Grand Parade Investments Limited

for the six months ended 31 December 2008

INCOME STATEMENT

	Notes	Unaudited	Restated	Audited
		31 December 2008	31 December 2007	30 June 2008
		R'000	R'000	R'000
Revenue	1	13 320	16 381	34 032
Operating costs	2	(8 222)	(7 422)	(16 137)
Profit from operations		5 098	8 959	17 895
Share of profit from associates	3	59 986	1 483	47 052
Impairment of investment in associate	4	–	–	(92 132)
Negative goodwill from associate	5	80 623	784 087	784 087
Net income before finance costs and taxation		145 707	794 529	756 902
Finance costs	6	(15 176)	(554)	(8 934)
Net profit before tax		130 531	793 975	747 968
Taxation		(3 760)	(4 334)	(9 385)
Net profit for the period		126 771	789 641	738 583
Attributable to ordinary shareholders		126 771	789 641	738 583
Reconciliation of earnings per share				
Basic earnings		126 771	789 641	738 583
Preference dividend		–	(3 481)	(3 481)
Attributable profit after preference dividend		126 771	786 160	735 102
Negative goodwill from associate		(80 623)	(784 087)	(784 087)
Impairment of investment in associate		–	–	92 132
Associates		2 754	43 064	41 054
– BEE transaction		–	43 064	43 064
– Gain on disposal of plant and equipment		–	–	(60)
– Gain on disposal of investments recycled to income statement		–	–	(2 312)
– Provision for pension fund exposure		2 754	–	362
Tax effect of above		–	–	563
Headline earnings		48 902	45 137	84 764
Headline earnings and dividend per share				
Shares in issue ('000)		460 667	374 720	469 028
Weighted average shares ('000)		464 003	360 410	365 767
Basic earnings per share (cents)		27,32	218,13	200,98
Diluted earnings per share (cents)		27,32	184,20	200,98
Headline earnings per share (cents)	7	10,54	12,52	23,17
Dividends paid per share (cents)*		10,00	7,50	7,50

*Final dividend declared in respect of the previous financial year and paid in December.

CASH FLOW STATEMENT

	Unaudited	Unaudited	Audited
	31 December 2008	31 December 2007	30 June 2008
	R'000	R'000	R'000
Cash and cash equivalents at beginning of period	81 834	69 710	69 710
Operating activities	(9 399)	(1 676)	(2 595)
Investing activities	(102 060)	(203 238)	(346 394)
Financing activities	112 834	159 174	361 113
Cash and cash equivalents at end of period	83 209	23 970	81 834

COMMENTARY

INVESTMENT HIGHLIGHTS

During the period under review Grand Parade Investments Limited (GPI) increased its direct stake in SunWest International (Proprietary) Limited (SunWest) by 2,83% at a cost of R92,4 million by exercising 560 000 of its 700 000 SunWest share options at an exercise price of R165 per SunWest share.

GPI indirectly increased its effective interest in the lucrative and exceptionally well positioned Sibaya Casino by advancing R7 million to its associate, Akhona Gaming Portfolio Investments (Proprietary) Limited (Akhona GPI), which exercised all of its pre-emptive rights in Dolcoast Investments Limited (Dolcoast). By the end of December 2008, Akhona GPI's direct stake in Dolcoast, (which owns 22,4% of Sibaya Casino) had increased from 6% to 9,5%. In January 2009, Akhona GPI's stake increased further to 18,5% of Dolcoast and in order to achieve this, GPI provided an additional R13 million to Akhona GPI so that it could exercise the balance of its pre-emptive rights through a second-round offer. GPI now indirectly owns an effective share in Sibaya Casino of 6,3% as a result of these transactions and the 30,6% acquisition in Real Africa Holdings Limited (RAH) the previous year.

GPI increased its direct stake in Thuo Gaming KwaZulu-Natal (Proprietary) Limited (Thuo KZN) through its acquisition of Wild Rush Trading 97 (Proprietary) Limited (Wild Rush), which owns 10% of Thuo KZN, at a cost of R6 million. This acquisition is in line with GPI's strategy to increase its exposure to the limited payout machine (LPM) market which has proven to be resilient in the current economic climate with Thuo Gaming Western Cape (Proprietary) Limited (Thuo WC) growing its revenues by 15% and Thuo KZN, which benefited from additional machines rolled out, growing its revenues by 165%.

The GPI Board believes that GPI's share price is trading at a substantial discount to GPI's underlying value and resolved that GPI should repurchase its own shares in terms of its general authority granted by shareholders at the annual general meeting on 9 December 2008. GPI has, through the market, acquired some 8 million shares during the reporting period at an average cost of R2,44 cents per share. GPI will continue with the share buy-back while its share trades at such a large discount to its underlying value.

The following table reflects GPI's direct holding in its various investments:

	(%)	(%)	(%)
	Direct interest	Direct interest	Direct interest
	31 December 2008	31 December 2007	30 June 2008
SunWest	29,24	26,41	26,41
RAH	30,60	–	30,60
Akhona GPI	50,00	–	50,00
Worcester Casino	36,70	38,00	36,70
Thuo WC	25,10	25,10	25,10
Thuo KZN/Wild Rush	10,00	–	–
National Manco**	5,67	5,67	5,67
Western Cape Manco*	50,00	50,00	50,00

* Western Cape Casino Resort Management (Proprietary) Limited

** National Casino Resort Manco (Proprietary) Limited

The additional shares acquired in SunWest increased GPI's direct stake in SunWest from 26,41% to 29,24%. GPI's stake in Worcester Casino (Proprietary) Limited (Worcester Casino) diluted slightly from 38% to 36,7% with the introduction of the Sun International Employee Share Trust. GPI's direct stake in Thuo KZN now amounts to 10%.

FINANCIAL PERFORMANCE AND POSITION

1. Revenue

Revenue comprises GPI's share of management fees generated by Western Cape Manco, dividends received from National Manco, and interest earned on positive cash balances. Revenue has decreased mainly due to lower interest received as a result of lower average cash

BALANCE SHEET

	Unaudited	Unaudited	Audited
	31 December 2008	31 December 2007	30 June 2008
	R'000	R'000	R'000
ASSETS			
Non-current assets	1 855 858	1 208 638	1 696 386
Current assets	102 823	38 527	95 626
Total assets	1 958 681	1 247 165	1 792 012
EQUITY AND LIABILITIES			
Capital and reserves			
Shareholders' interest	1 633 883	1 169 316	1 572 534
Non-current liabilities	310 174	2 882	204 240
Current liabilities	14 624	74 967	15 238
Total equity and liabilities	1 958 681	1 247 165	1 792 012
Net asset value (cents)	354,68	312,05	335,28

SEGMENTAL ANALYSIS

Based on risks and returns the directors consider that the primary reporting format is by business segment. The directors consider that there is only one business segment, being investments.

The following table provides detail of GPI's share of associate income from its various investments.

	Unaudited	Unaudited	Audited
	31 December 2008	31 December 2007	30 June 2008
	R'000	R'000	R'000
Income from associates	59 986	1 483	47 052
– SunWest	41 409	(649)	36 809
– RAH	16 237	–	5 482
– Thuo WC	2 016	2 132	4 738
– Akhona GPI	324	–	23

STATEMENT OF CHANGES IN EQUITY AND RESERVES

	Capital redemption reserve fund	Ordinary share capital	Share premium	Redeemable preference share capital	Available-for-sale fair value reserve	Accumulative profits	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 30 June 2007	115	83	112 201	57 798	17 930	109 569	297 696
Profit for the period	–	–	–	–	–	789 641	789 641
Unrealised fair value loss on available-for-sale investments	–	–	–	–	(223)	–	(223)
Share of loss from associate prior to becoming an associate	–	–	–	–	–	(5 669)	(5 669)
Ordinary dividend paid	–	–	–	–	–	(24 902)	(24 902)
Preference dividend	–	–	–	–	–	(3 481)	(3 481)
Preference shares redeemed	–	–	–	(57 798)	–	–	(57 798)
Transfer to capital redemption reserve fund	115	–	–	–	–	(115)	–
Share capital raised	–	10	174 042	–	–	–	174 052
Balance at 31 December 2007	230	93	286 243	–	17 707	865 043	1 169 316
Loss for the period	–	–	–	–	–	(51 058)	(51 058)
Unrealised fair value loss on available-for-sale investments	–	–	–	–	(223)	–	(223)
Share issue expenses	–	–	(8 397)	–	–	–	(8 397)
Share capital raised	–	24	462 872	–	–	–	462 896
Balance at 30 June 2008	230	117	740 718	–	17 484	813 985	1 572 534
Profit for the period	–	–	–	–	–	126 771	126 771
Ordinary dividend paid	–	–	–	–	–	(46 281)	(46 281)
Unrealised fair value gain on available-for-sale investments	–	–	–	–	1 279	–	1 279
Shares bought back	–	(2)	(20 418)	–	–	–	(20 420)
Balance at 31 December 2008	230	115	720 300	–	18 763	894 475	1 633 883

- Headline earnings ↑ 8%
- Net asset value per share ↑ 13%
- Increased exposure to select urban casinos – SunWest and Sibaya
- Increased exposure to the LPM industry
- 8 million shares bought back at an average price of R2,44
- Strong balance sheet with low gearing
- Cash available for acquisitions

NOTES

ACCOUNTING POLICIES AND BASIS OF PREPARATION

The interim financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and comply with IAS 34 – Interim Financial Reporting, and the Companies Act of South Africa No. 61 of 1973, as amended. The accounting policies and methods of computation are consistent with those applied in the financial results for the year ended 30 June 2008. The external auditor has not reviewed the interim financial report.

The comparative figures have been restated so as to fall in line with the adjustments made in respect of the 30 June 2008 year-end. These include the reversal of dividends received from SunWest out of share premium from revenue, fair valuing the investment in National Manco and the change in the treatment of Western Cape Manco in the prior year from a subsidiary to a joint venture.

the EBITDA dilution for the period to 5,7%. The additional finance cost incurred by the expanded GrandWest offering together with the high STC charge incurred on dividends paid by GrandWest, resulted in a decline in its profits. Notwithstanding this decline, GrandWest remains GPI's prize asset and offers significant long-term value for GPI's shareholders.

The results of RAH were boosted by the strong performance of Carnival City, that despite operating in the most competitive market, which now has an additional casino, grew its revenues by 6% and its EBITDA by 9%. Sibaya Casino also held up well, growing its revenues by 3% and keeping its EBITDA at the same level as the previous year.

The table below highlights the contributions from GPI's various investments towards reported headline earnings as well as the dilution from operating costs and financing costs.

	Unaudited	Unaudited	Audited
	31 December 2008	31 December 2007	30 June 2008
	R'000	R'000	R'000
Headline earnings	48 902	45 137	84 764
Income from associates			
– SunWest*	41 409	42 416	79 874
– RAH	16 237	–	5 482
– Thuo WC	2 016	2 132	4 738
– Akhona GPI	324	–	23
Western Cape Manco	10 253	10 709	21 734
Other*	2 061	(2 144)	(2 016)
Operating costs	(8 222)	(7 422)	(16 137)
Finance costs	(15 176)	(554)	(8 934)

* This amount includes the reversal of the BEE charge incurred in the prior year.

Other includes interest received, tax paid and other adjustments to headline earnings.

8. Related party transactions

The group, in the ordinary course of business, entered into various transactions with related parties. All transactions were concluded at arm's length. Any intra-group related party transactions and outstanding balances are eliminated in the preparation of the interim results of the group as presented.

9. Prospects

GPI is an investment company and will continue to seek out attractive investment opportunities capable of delivering medium to long-term growth in the underlying value of its expanding portfolio. While the trading environment is extremely challenging and we are in the midst of an uncertain future, the Board of GPI believes that GPI is well positioned to capitalise on opportunities that will no doubt arise in the present environment. GPI has a strong balance sheet with a low level of gearing and is invested in high quality cash-generative assets. GPI's focus remains the urban casino and LPM market, but it will also be reviewing other opportunities in the current depressed market to expand its portfolio.

10. Dividends

GPI has historically never paid interim dividends and believes that it is prudent in the current environment to maintain this status quo.

For and on behalf of the board

H Adams

Chairman

9 March 2009

A Funkey

Chief Executive Officer

Cape Town

GRAND PARADE
INVESTMENTS LIMITED



SUNWEST
INTERNATIONAL



GRANDWEST
CASINO AND ENTERTAINMENT WORLD



The Table Bay
At the Waterfront



THE GOLDEN VALLEY
Casino

CTICC



come play



SIBAYA
CASINO & ENTERTAINMENT KINGDOM



BOARDWALK
CASINO AND ENTERTAINMENT WORLD



GRAND SLOTS



KINGDOM SLOTS

Directors

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R Hopton, Dr N Maharaj#, N Mlambo#, C Williams#*

#non-executive *independent

GRAND PARADE INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)

Registration number 1997/003548/06

Share code GPL

ISIN ZAE00119814

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